

PART 2000 - GENERAL

SUBPART O - MEMORANDUM OF UNDERSTANDING BETWEEN THE SMALL BUSINESS  
ADMINISTRATION AND THE UNITED STATES DEPARTMENT OF  
AGRICULTURE FARMERS HOME ADMINISTRATION

§2000.701 General.

The attached Memorandum of Understanding between the Small Business Administration (SBA) and the Farmers Home Administration (FmHA) has been developed to provide mutually needed information and to establish a working relationship between the two agencies that will assure prompt and efficient service to those members of the public who contact FmHA or SBA regarding rural development.

§2000.702 Reaching agreement with SBA.

The State Director will meet the SBA Regional Director at least annually to arrange for conferences to discuss the Memorandum of Understanding, exchange office information, discuss in detail agency programs, and to establish the necessary working relationship to avoid duplication of effort in serving the public.

§2000.703 State supplements.

State Directors may issue instructions, as needed, for the course of action to be taken by County Supervisors in developing a working relationship with the SBA staff.

§§2000.704 - 2000.750 [Reserved]

Attachment: Exhibit A

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Administration  
General

MEMORANDUM OF UNDERSTANDING

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BETWEEN

THE SMALL BUSINESS ADMINISTRATION

AND

THE U.S. DEPARTMENT OF AGRICULTURE

ON COOPERATION IN SUPPORT OF

RURAL DEVELOPMENT

AGREEMENT

The U.S. Small Business Administration and the U.S. Department of Agriculture agree to enter into a cooperative relationship designed to encourage rural development and to coordinate the programs of each agency so as to maximize their effectiveness in promoting rural development. Each agency will work together in a cooperative spirit at all levels to contribute to this effort according to the resources and talents each possesses.

STATEMENT  
OF  
PURPOSE

It is the purpose of this agreement to define and allocate the responsibilities and outreach efforts of the respective parties regarding rural development activities along lines which match each agency's expertise, experience and legislative mandate. The principal intentions of this agreement will be to 1) coordinate program delivery services; and 2) cooperate generally in engaging the participation of other Federal agencies, state and local governments, and the private sector so that all available resources can be brought to bear to promote rural development.

INTRODUCTION

Each agency believes that it is in the best interest of the United States and its economic health that ways be found to reverse the trend of out-migration from rural America to urban cities. Such out-migration impacts severely on urban services and has a devastating effect on small towns and small businesses which have a quality of life which should be preserved. Rural America has contributed to the national interest by emphasizing a strong sense of family and community and by affording opportunities for economic independence and diversity through the thousands of small

businesses which exist separate from large industry and multi-national corporations.

The two agencies recognize that out-migration will not be reversed simply through an improved rural economy or higher commodity prices. The economy of rural America has been totally dependent on agriculture for too long, and economic incentives and alternatives need to be developed that can benefit from agricultural activity but do not necessarily depend solely on agricultural activity.

The respective parties intend to work together to create and develop new enterprises, attract and develop new industries, and strengthen existing businesses throughout rural America.

The Small Business Administration is required by the Small Business Act of 1953, as amended, to aid, counsel, assist, and protect the interest of small business concerns. The SBA has a variety of loan and economic development programs that it administers through its regional, district and branch offices. The SBA also has a variety of business development programs involving business counseling, training, and other services which it administers through its field offices and in cooperation with Small Business Development Centers, Small Business Institutes, the voluntary service organizations of SCORE and ACE, and private sector cosponsored training programs. SBA also has various

procurement assistance programs under which small businesses receive a fair proportion of overall Federal procurement through small business set aside and small business subcontracting programs. The SBA also has the Minority Small Business and Capital Ownership Development Programs designed to benefit socially and economically disadvantaged small businesses.

The Department of Agriculture has many programs which relate to rural America.

The Farmers Home Administration (FmHA) serves as the Federal Government's principal credit agency for agriculture and rural development, providing direct and/or guaranteed loans for farm capital investment and operation, rural housing, community facilities, business and industry.

The Department of Agriculture provides technical assistance, conducts educational seminars and economic research directed to economic rural development issues.

In recognition of these authorized programs and with the essential objective of rural development in mind, the respective agencies have entered into this Memorandum of Understanding.

FmHA-SBA-USDA JOINT UNDERTAKINGS

1. Representatives of FmHA-USDA and SBA in Washington, D.C. will meet at least annually to plan and review efforts undertaken pursuant to this agreement.
2. The Director of SBA's District Office will meet with FmHA State Director or his designee, on an as needed basis but no less than annually, to plan and coordinate programs of the respective agencies and to encourage their increased application to the problems of rural development. These meetings will take place prior to the annual meeting in Washington, D.C. and will provide for an exchange of information and ideas for more effective program coordination as well as for the discussion of issues requiring decisions by the national offices of the respective agencies.
3. Each agency, if the need is evident, will initiate training and orientation programs for personnel emphasizing the special problems and possible solutions for rural America and its economic development. FmHA-USDA and SBA will also initiate joint training and orientation programs for their personnel.

4. FmHA-USDA and SBA will make their existing offices available for each agency's employees and volunteers to enhance the delivery of agency programs for the benefit of rural America. FmHA and SBA will supply informational brochures for cooperative distribution in each agency's offices.
5. The respective parties will cooperate with each other in providing speakers upon request that can explain programs and the procedures for obtaining the benefits of such programs which may be of particular interest to rural businesses.
6. Each agency will appoint a specific official at the headquarters level and in each district/state office to provide coordination, monitoring and communication lines for all projects and activities pursuant to this Memorandum of Understanding.
7. Each agency will coordinate delivery of its loan programs and financial assistance programs such that in appropriate cases there will be a combined approach in solving the credit needs of particular businesses. Field personnel of each agency will refer applicants for financial assistance to the other agency where the other agency's program is better suited to the needs of the applicant. Neither

agency will refuse to accept an eligible application when the lender or applicant insists that they want to file with a specific agency regardless of agency advice. The two agencies may participate in a total project but will have separate and distinct loan documentation, loan agreements, notes, mortgages, and other legal documents.

8. Loan servicing will be carried out by each agency. Either agency will inform the other of any material change that could have an adverse impact on the other agency.
9. All liquidation proceedings will be handled on a case by case basis and guided by the principle of minimizing the total loss to the government. Each agency will respect the other agency's position and mutually determine their respective lien position on other assets available as pledged collateral.
10. FmHA-USDA and SBA field offices will jointly cosponsor and conduct regular seminar/workshops for rural businesses and will utilize their resources, including volunteer groups, private sector program participants and others, to maximize the outreach of such programs.



11. This Agreement may be amended at any time by written agreement of both parties.
12. This agreement shall take effect upon date of execution.
13. For the Small Business Administration, the Associate Deputy Administrator for Special Programs shall have joint coordination responsibility. For the Department of Agriculture, the Deputy Administrator for Program Operations, FmHA-USDA shall have joint coordination responsibility.

/s/

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Administrator  
U.S. Small Business  
Administration

/s/

\_\_\_\_\_  
Administrator  
Farmers Home Administration  
U.S. Department of Agriculture

2/16/88

Date: \_\_\_\_\_